

Contents

	Page
Chairman's Statement	2-3
Chief Executive's Review	4-12
General Information	13
Directors' Report	14
Report of the Auditors	15
Income and Expenditure Account	16
Balance Sheet	17
Statement of Source and Application of Funds	18
Notes to the Accounts	19-24

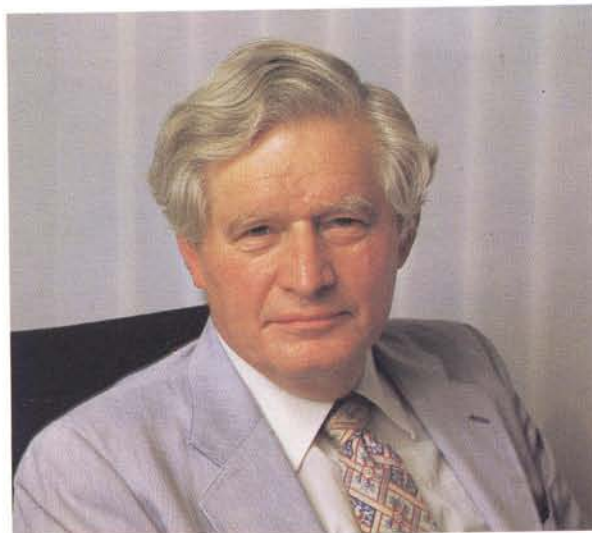
Chairman's Statement

Channel Four is now firmly established as an accepted part of British television. Its existence has given a great deal of pleasure to a great many people. But it has achieved this in ways consistent with its remit to be distinctive and innovative. The fulfilment of this remit remains the undeviating objective of the Channel Four Board, an objective that it demands should be sought in every section of our schedule. It involves the taking of risk. It may encourage controversy. It may sometimes even provoke a headline. Above all it involves establishing standards by which we should be prepared to be judged and on the basis of which we can defend our output.

Thus the encouragement of controversy does not imply presenting one sloppily argued programme in contrast with another. Not the least important of Channel Four's objectives must be to raise the quality of television journalism. During the year the Channel's commissioning executives have pursued the target of high quality, which for Channel Four must be regarded as a priority.

During the year *Channel Four News*, provided by ITN, has been very much a subject of debate. It was from the beginning a news service that attracted a discriminating audience albeit a small one. The nature, if not the size, of the audience encouraged us to persevere. Channel Four had taken a considerable risk in spending so much of its scarce resources on a long news programme at 7 p.m. But the risk is now coming good. After a number of experiments with the format of the News and much discussion between ITN and Channel Four, it is now commanding larger audiences. Though there is still much to be done, the News is clearly going to be a notable success.

The Channel's share of television audiences has gradually risen. It may still seem small as compared with BBC1 and ITV but to rival them was never our ambition. We are, however, creeping up on BBC2 which has a much longer history. The other three television channels broadcast for longer hours than we do. Adjusting the calculation of share to take account of this fact, our normal share recently has been at least seven per cent. This improvement has taken place at a time when television audiences generally have grown. The numbers of our viewers have, therefore, increased even more significantly. We hold to our ten per cent target. Its actual date of achievement was never in our control alone. It may take longer than was at first hoped. The problems of achieving increased share in a highly competitive four-channel situation are not to be underestimated.



We are part of the Independent Television system, financed by a subscription levied on the ITV companies. We therefore try to help the system as a whole in every way we can consistent with our remit. With the support of the IBA, of which Channel Four is a subsidiary, and which has the overall responsibility for scheduling within Independent Broadcasting, a number of useful forms of co-operation between the two independent channels has developed. Last autumn we took over the televising of Party conferences, so far as possible gavel to gavel. We have now, at the request of the companies, taken over mid-week racing. We have offered to take over schools broadcasting from September 1985, although this matter is still under discussion. An interesting form of co-operation was the repeat on Channel Four of each episode of Granada's justly praised *The Jewel in the Crown*. I believe this co-operation is appreciated by the ITV companies and I welcome the fact that they have been prepared to support us in obtaining the IBA's consent to a staged increase in Channel Four's hours of broadcasting, an increase which is important both from the point of view of raising audience share and also from the point of view of not discouraging visitors to the channel who at the moment find too often a blank screen while the other three channels are broadcasting.

Independent producers continue to secure a major share of Channel Four's commissions. We would like to see independent producers having more major outlets for their work. We understand their anxiety at their present high degree of dependence on Channel Four. We, our-

selves, intend to continue to judge proposals to Channel Four and to issue commissions on the basis of merit, not excluding price. We continue to derive great encouragement from the success of independent producers with Channel Four. There will be no quotas to protect one source of British supply against the interests of another. Our freedom to choose is of the highest importance, and fortunately there is no sign of the supply of distinctive programmes drying up. The problem is rather to find room in the schedule for all we have to offer.

A year ago I wrote of the obstacle to our commercial success represented by the industrial relations dispute between the IPA and Equity. That dispute was at that time about a year old, older than Channel Four itself. Today the dispute is another year older and there is still no sign of its settlement. The dispute therefore still inhibits the marketing to advertisers of the interesting audience profile that the Channel has won for itself.

Channel Four is, and under present legislation will continue to be, financed by the subscription levied on the ITV companies by the IBA. During the current financial year we will be receiving £111 million. In view of the obligations we have taken on to broadcast some less popular programmes previously shown on ITV the increase in our funding, though higher than the rate of inflation, leaves us little enough room for manoeuvre. We had hoped to be able to increase rather more substantially than will now be possible our commitments to television drama. We have small additional earnings from the sale of rights of various kinds in our property in television programmes. We are investigating what financial assistance might be available from the European Community and for what purposes. We continue to seek various ways of easing some of the financial constraints from which we suffer. But the Board of Channel Four has made perfectly clear its decision that nothing should be done by way of sponsorship which compromises, or which might be thought to compromise, the integrity of our programmes. There will be borderline cases. But the view of the Board is that it is better to err on the side of safeguarding the integrity of our programmes.

Channel Four has had a distinguished year in documentaries such as *Vietnam* and *Heart of the Dragon*, and in the arts. Our contribution to the support of the British film industry is now well known. We await publication of the Government's proposals and will do our best to assist in any way consistent with our responsibilities under our own charter.

During the year the Board was joined by Lord Blake and by Mr. Anthony Pragnell as non-executive directors and by Mr. Paul Bonner as Programme Controller. The Independent Broadcasting Authority has decided that as a matter of policy it will rotate non-executive appointments to the Board so far as possible after five years. Under this policy the Board now loses Mr. William Brown, Mr. Anthony Smith and Mrs. Joy Whitby. We are sorry to lose colleagues who have played such a distinguished role in establishing the Company and launching it on the air. They will be replaced by Mr. James Gatward, Mr. John Gau and Mr. Mike Scott, all very prominent figures in the television industry.

I would like to thank all the staff of Channel Four for the hard work which makes our achievements as a new and distinctive television channel possible. The tight control which the Board exercises over the size of the staff in order to keep overheads down and leave more money for programmes has its costs in the burdens placed upon our executives. We are grateful to them for the way in which they have carried out the heavy responsibilities that have fallen to them.

EDMUND DELL *Chairman*

26th June 1984

Chief Executive's Review

Channel 4 seeks to widen viewers' choice by providing a full range of programmes, and by catering for particular interests. In the last year, our programmes, appealing to discriminating viewers, have reinforced new loyalties, and won us new friends.

In drama, comedy, documentary and sport we have aimed to please. All the evidence is that we succeed in doing so. Our current affairs programmes, and particularly *Channel Four News*, have added to the public store of information. In other strands—*Alter Image*, *Eleventh Hour*, *Opinions*, *People to People*, and a host of individual items—we have extended the range of content and pushed the bounds of form of conventional television programming as we are required to do.

We take programmes on their merits both from the

ITV companies and from the lively new independent sector in British broadcasting. Both have been on form this year. We select also the best on offer elsewhere in the world.

Our schedule appeals particularly to the young—*The Tube* is the best example—but, after only eighteen months on the air, over half of all British television viewers now watch Channel 4 each week, eight out of ten watch each month. Against stiff competition, our share of viewing continues to increase.

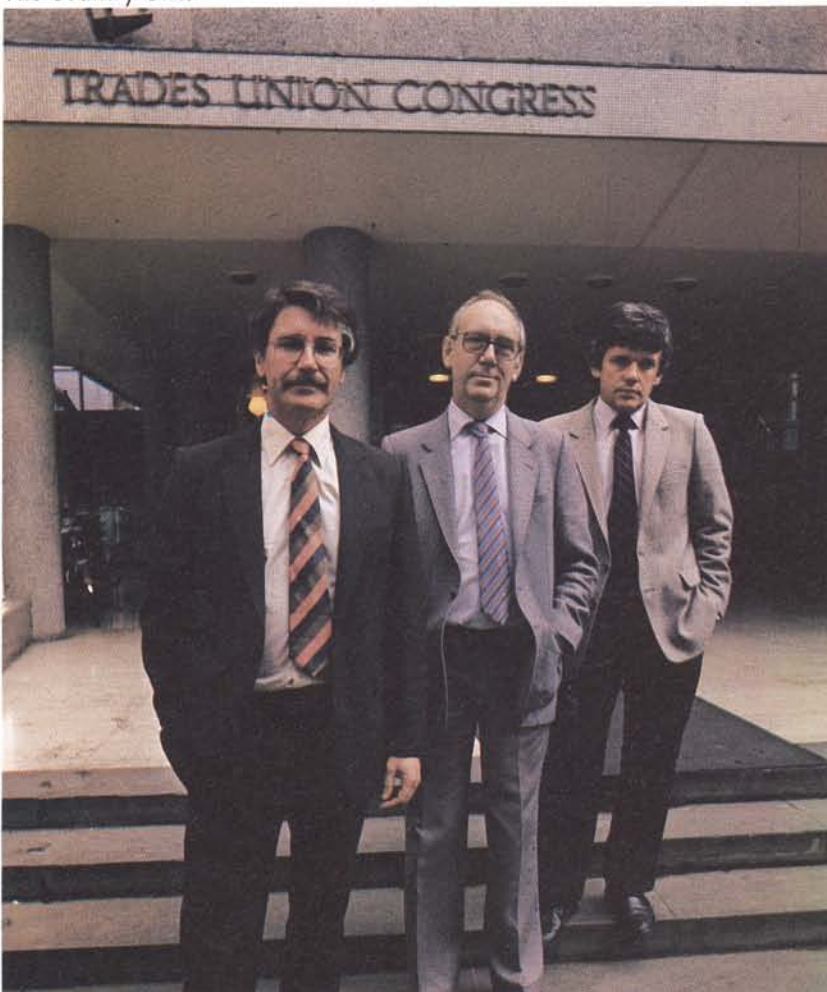
There is space here to mention only a few of the programmes we have shown. All the same, this selection demonstrates, I hope, that, from *Countdown* to *Voices*, there is, and will continue to be, something for everyone on Channel 4.



JEREMY ISAACS *Chief Executive*



The Country Girls



Union World

FILM ON FOUR

Two seasons of **Film on Four** during the year confirmed the value of commissioning and co-financing feature-length films that win critical acclaim and audiences on TV, sometimes arriving straight from success in the cinema, as with **The Draughtsman's Contract** (BFI), and sometimes going into the cinema after a Channel 4 premiere as with **The Country Girls** (London Films), or with some of the **First Love** series (Enigma/Goldcrest).



The Draughtsman's Contract

ACTUALITY

The channel's current affairs programmes are characterised by greater depth and greater diversity of opinion, through the nightly **Comment**, **Diverse Reports**, and **Union World** (Granada) which pioneered coverage of issues within the world of unions. ITN's **Channel Four News** team gradually rose to the difficult challenge of a nightly hour of more discursive news, and contributed to the channel's respected coverage of the election campaign — together with **Election 500** (Granada) and **A Week in Politics** (Brook).



Channel Four News

DOCUMENTARY SERIES

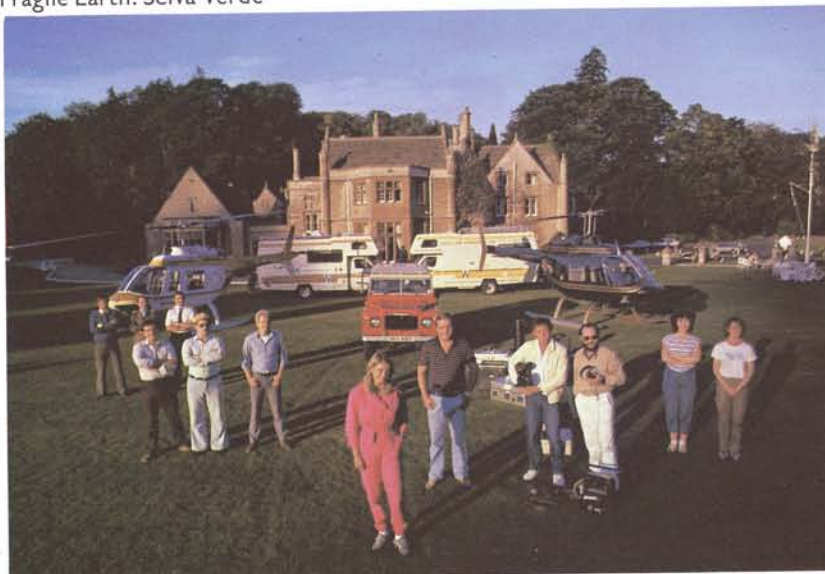
Vietnam: a Television History (Central) and *The Heart of the Dragon*, (from the independent ASH Films), the finest study yet of Chinese life today and its historical roots, consolidated Channel 4's status as a channel for authoritative documentary series. *Fragile Earth* (Partridge Films) provided a fresh approach to the perennially popular genre of natural history films; *A Childhood* (Melrose) offered compelling portraits of individual children; and in *Land of the Lakes* (from the mainland's smallest ITV station, Border), Melvyn Bragg offered a three-part reflective celebration of his home region.



The Heart of the Dragon



Fragile Earth: Selva Verde



Treasure Hunt

ENTERTAINMENT

Treasure Hunt (Chatsworth TV) developed in its second series into the channel's most consistent home-grown success, offering the suspense of a game show combined with the spectacular scenic bird's-eye views from the helicopter seeking out the clues. *Top Cs and Tiaras* (Bright Thoughts) won the channel's most enthusiastic response by phone and letter for its stylish rediscovery of the middle ground of operetta with Julia Migenes Johnson. *Countdown* (Yorkshire TV) consolidated its late-afternoon reputation as a quiz show, and *Ladybirds* (Mike Mansfield Enterprises) provided some entertaining and revealing one-woman shows with Bonnie Tyler, Lynsey de Paul and Barbara Dickson.



Top Cs and Tiaras

ARTS & MUSIC

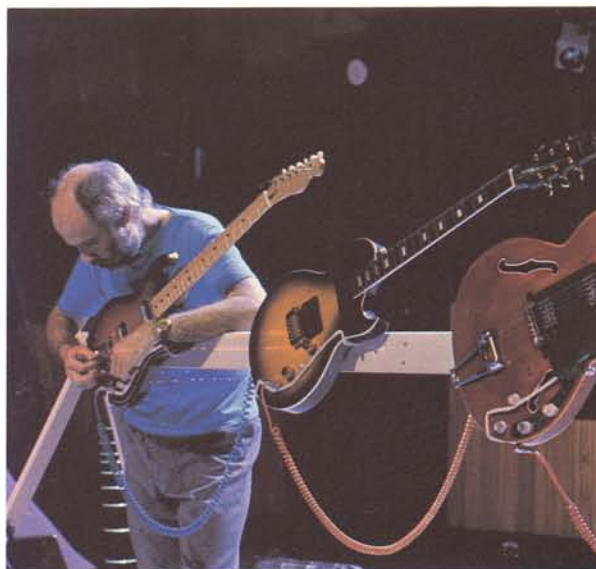
Channel 4's arts coverage was dominated by imaginative transfers of great stage performances, including Peter Brook's pared-down version of **The Tragedy of Carmen** (Alby Film), an enterprising film of the Russian rock opera **Juno and Avos** (AFP), Channel 4's first wide-ranging Dance Season, weekly jazz programmes (including **Crossing Bridges** from Bright Thoughts, with six innovative guitarists) and a whole evening devoted to the National Theatre's ambitious **Oresteia, Book 4** (LWT) set a new standard for book programmes and arts documentaries ranged from Jeremy Marre's committed films about third world music to the stylishly original film about Phil Spector, **Da Doo Ron Ron**.



The Oresteia



Juno and Avos



Jazz on 4: Crossing Bridges



The Tragedy of Carmen



Dance on 4: Troy Game

MULTICULTURAL PROGRAMMES

The alternating magazine programmes **Black on Black** and **Eastern Eye** (LWT) remained the flagships of Channel 4's unique effort to reflect the realities of today's multicultural Britain and serve those communities traditionally neglected by TV. Supplementing these programmes were the sitcom **No Problem!** (LWT) and the special New Year's Eve show **Party at the Palace** (Humphrey Barclay Productions) by the Black Theatre Co-operative. **Rockers Roadshow** (Central) presenting reggae from the grassroots, **The House of Hunger** about the experiences of a Zimbabwean writer (Indigo), and Channel 4's pioneering seasons of Indian popular cinema.



Party at the Palace



The House of Hunger

INDEPENDENT FILM & VIDEO

The **Eleventh Hour** provides an unprecedented opportunity for film-makers operating outside the commercial mainstream to gain access to TV audiences, partly by commissioning or purchasing their work and partly by funding a number of workshops around the country to produce material to broadcast standard. **Sex and Violence in Women's Prisons** (Long Shot), for instance was, despite its ironic title, an unsensational account of life in women's prisons by former inmates. In addition, **People to People** featured programmes about communities by film-makers committed to a closer relationship with their subjects than under traditional production methods.



The Eleventh Hour: The Silent Cry



Sex and Violence in Women's Prisons

EDUCATION

Channel 4 is committed to devoting 15% of its airtime to 'education'. The variety and imagination of the series belies their status—the one common factor, beside the value for the audience, is the provision of specific follow-up material. Some programmes are targeted to specific audiences, like **Make It Count** (Yorkshire TV); others have broader aims like **4 What It's Worth** (Thames), **Mothers by Daughters** and the second series of **Tom Keating on Painters** about impressionism (both from Moving Picture Company) and **The Wine Programme** (Goldcrest/Telekation), while **Everyone a Special Kind of Artist** (Riverfront) profiled outstanding amateur artists.



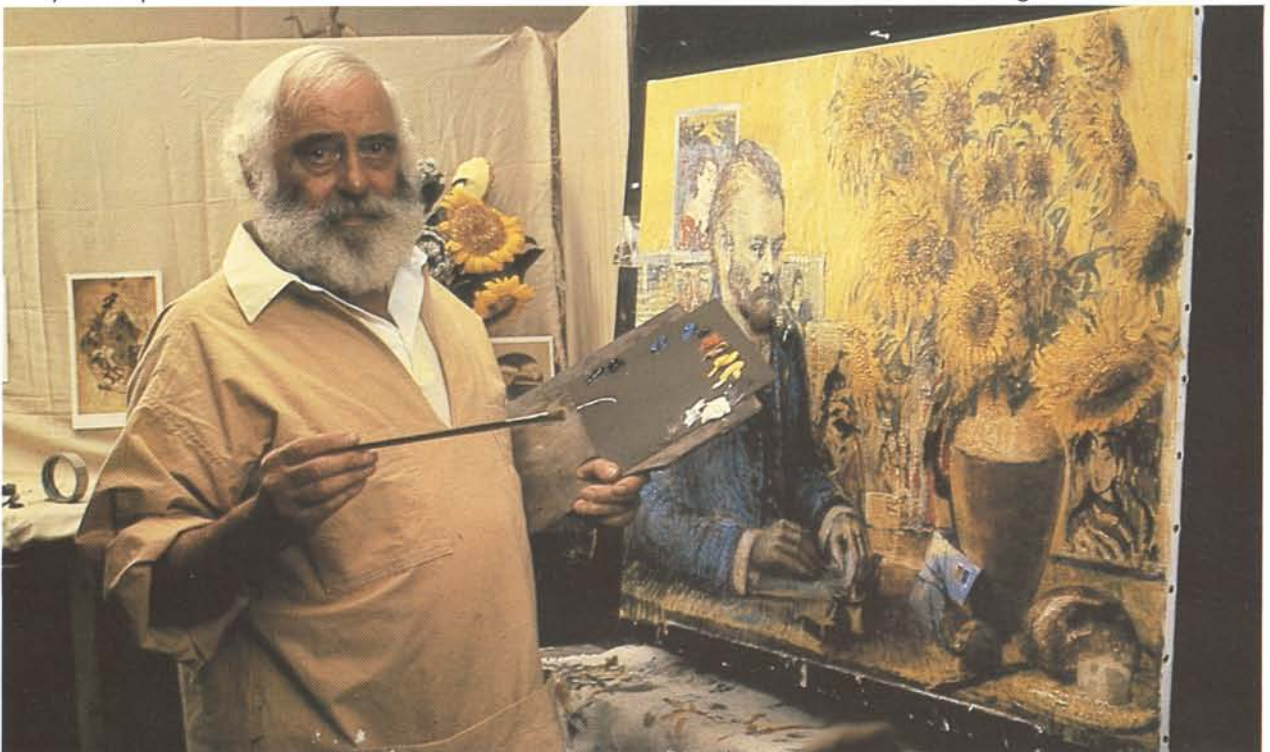
Mothers by Daughters



Everyone a Special Kind of Artist



The Wine Programme



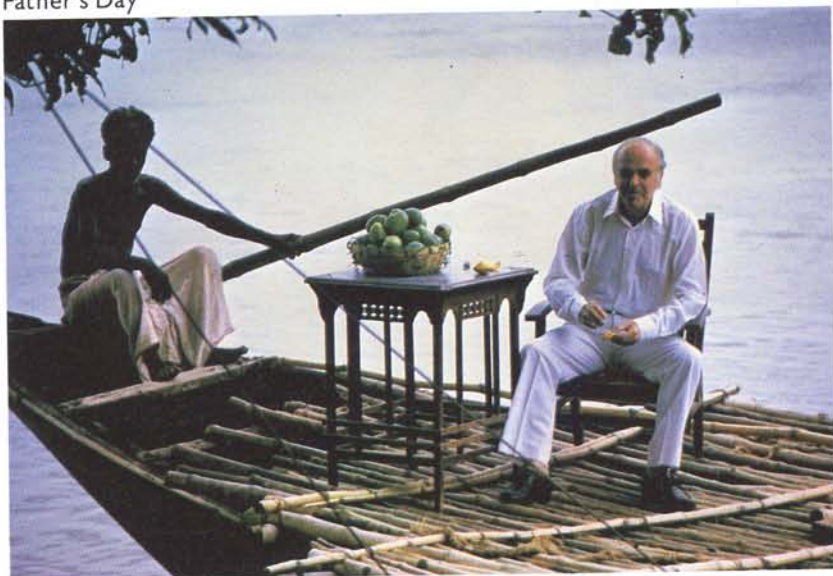
Tom Keating on Impressionism



The Comic Strip Presents...



Father's Day



Clive of India

COMEDY

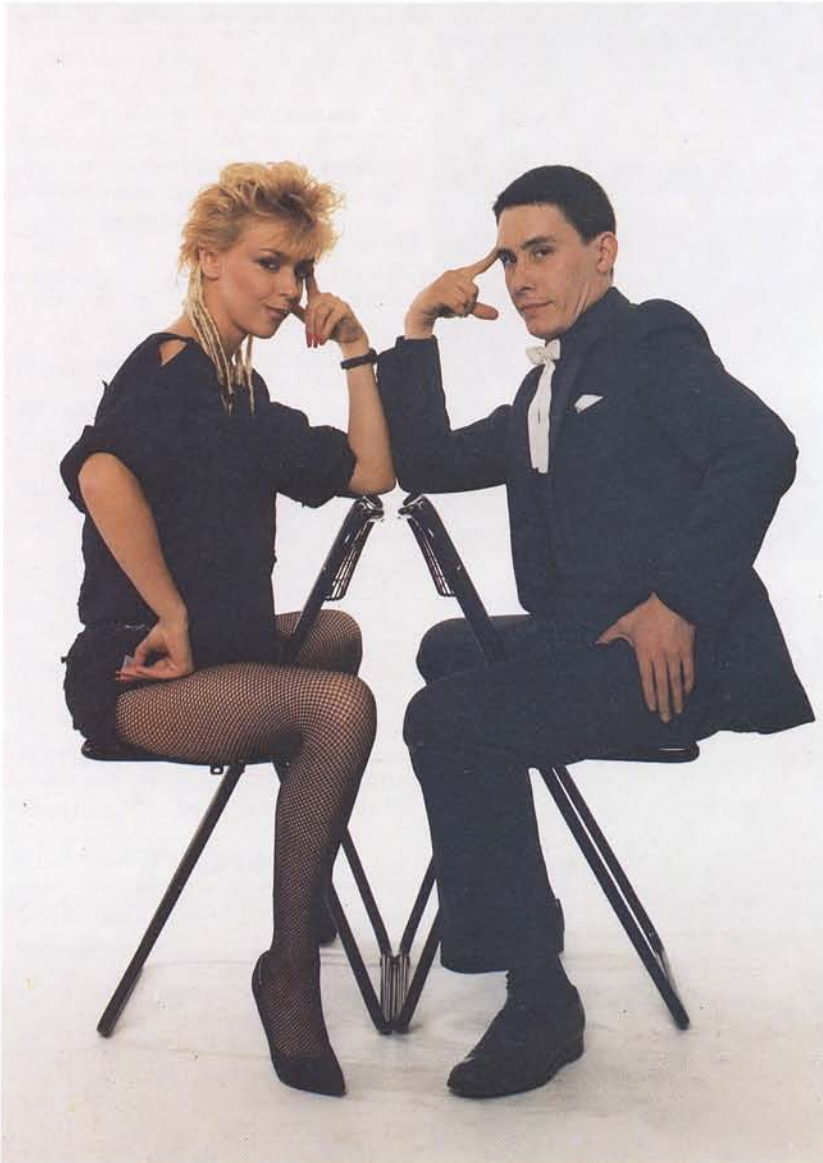
Father's Day (Picture Partnership) broke new ground in the sitcom tradition—shot on location without a studio audience and with its star John Alderton addressing the viewer directly. From a range of new and archive comedy series, **Cheers** won the Broadcasting Press Guild's award as the year's best imported programme. **The Comic Strip** (Michael White) presented a second zany series and the team who made the controversial live show in the channel's anniversary week, **Who Dares Wins a Week in Benidorm** (Holmes Associates), dared enough to win a full series for their anarchic brand of humour.

SINGLE DOCUMENTARIES

Kenneth Griffith's characteristically idiosyncratic portrait of a historical figure in **Clive of India** (Tempest) and Hugh Brody's study of the **People of the Islands** (Scope), previously featured in Flaherty's **Nanook of the North**, epitomise the strength of the individual single documentary, imbued with the vision of a particular film-maker. But perhaps the most original programme—and certainly in the Royal Television Society's judgment, the most original programme on British TV in the year—was **The Skin Horse** (Central), an audacious examination of a taboo subject, the sexual needs and feelings of the handicapped.



People of the Islands



The Tube



The First Christian

YOUTH

The Tube (Tyne Tees TV) has established itself as the country's premier TV rock show and the centrepiece of the channel's commitment to the often-neglected audience of young people. Devoting an entire five-hour evening to **A Midsummer Night's Tube** attracted over half the 16-34 audience in the country to sample it. **Ear to the Ground** (CTVC) offered a team of young people the opportunity to originate their own current affairs programme, an alternative arts magazine called **Alter Image** (from a video group called After Image), and **Our Lives** (Riverfront) recreated the experiences of various young East Enders through a novel mixture of documentary and fiction.



Alter Image

RELIGION

Channel 4 has brought the same distinctive approach to its religious programming as to the rest of its output, with the weekly magazine **Seven Days** (Yorkshire TV) examining the ethical and moral dilemmas behind the week's news, **The Channel 4 Debate** (LWT) providing an occasional forum to discuss longer-term issues and **Opinions** (Griffin) also featuring moral and religious issues. And former nun Karen Armstrong, who proved herself as a TV performer on **Opinions** presented an accessible and yet rigorously serious six-part re-examination of St Paul, **The First Christian** (Kastel Communications)



The Far Pavilions



The Nation's Health



American Football

DRAMA SERIES

A number of Channel 4's commissioned film drama series have found success with both critics and audience: the three-part blockbuster mini-series adapted from M. R. Kaye's bestseller, **The Far Pavilions** (Geoffrey Reeve/Goldcrest) won three of the channel's four highest audiences of the year. Other highlights included **The Boy in the Bush** (Portman/ABC), adapted from D. H. Lawrence's Australian novel, and G. F. Newman's controversial quartet about the state of our hospitals, **The Nation's Health** (Euston Films). **A Married Man** (LWT) and **One Summer** (Yorkshire TV) were shown in the summer, while Alma Cullen's four-part **Winter Sunlight** (Limehouse) was a rare example of studio-based drama on the channel. Channel 4's twice-weekly 'soap opera' **Brookside** (Mersey TV) increasingly gained in both confidence and audience for its original approach to the genre, shot on location in real houses in Liverpool, and striving for a sharper reflection of current life.

SPORT

Channel 4 established its distinctive sports coverage with the winter duo (both from Cheerleader): English **Basketball**, culminating in the Wembley finals and the growing cult—thanks to Channel 4—of **American Football**, climaxing in the live satellite coverage into the night of the spectacular Super Bowl. The channel maintained that approach with neglected TV sports like cycling, with the **Kellogg's City Centre Cycling Championship** (TWI), young people's sports (**Henry Cooper's Golden Belt**, TWI), women's sport (**Volleyball**, Turnstyle Prods), and outstanding documentaries like **Steve Cram—Good for the First Mile** (Tyne Tees TV).



Henry Cooper's Golden Belt

General Information

1. Directors

*The Rt. Hon. Edmund Dell (Chairman)

*Sir Richard Attenborough (Deputy Chairman)

Mr. Jeremy Isaacs (Chief Executive)

Mr. Justin Dukes (Managing Director and Deputy Chief Executive)

Mr. Paul Bonner (Controller of Programmes) (appointed 21st September 1983)

Lord Blake (appointed 1st September 1983)

Mr. William Brown

Mr. Roger Graef

Dr. Glyn Tegai Hughes

Mr. David McCall

*The Hon. Mrs. Sara Morrison

Mr. Anthony Pragnell (appointed 1st July 1983)

*Mr. Peter Rogers

Mr. Anthony Smith

Mr. Brian Tesler

Mrs. Joy Whitby

**The Directors marked with an asterisk are members of the audit committee of the Board*

2. Secretary

Mr. David Scott

4. Bankers

National Westminster Bank plc
21 Lombard Street
London EC3 3AR

Other related activities

Film Director & Producer and Director of Goldcrest Films Limited

Director of Jeremy Isaacs Productions Limited

Director of Scottish Television plc

Independent Producer

Member of Welsh Fourth Channel Authority

Director of Anglia Television Limited

Director of Finance, Independent Broadcasting Authority

Director of British Film Institute

Director of London Weekend Television Limited

Head of Children's Programmes, Yorkshire Television Limited and Director of Grasshopper Productions Limited —an independent production company

3. Registered Office

70 Brompton Road
London SW3 1EY

5. Auditors

Coopers & Lybrand
Chartered Accountants
Abacus House
Gutter Lane
Cheapside
London EC2V 8AH

Directors' Report

The Directors present their report for the year ended 31st March 1984.

1. Principal Activities

The company was set up by the Independent Broadcasting Authority ("IBA") under the terms of Section 12(2) of the Broadcasting Act 1981 to obtain and assemble the necessary material and to carry out such other activities involved in providing programmes for the fourth channel television service as appears to the IBA to be appropriate.

A review of the business for the year is set out in the Chairman's statement on pages 2 and 3.

2. Results

The company derives its income from the IBA. The amounts paid by the IBA are funded from subscriptions received by the IBA from the Independent Television companies.

This income has been used to acquire the company's stock of films and programmes for transmission, and to finance capital and overhead expenditure. The balance of this income after costs of programme transmissions and administrative expenses thus represents the principal means of financing the capital employed by the company, and has been treated as deferred income in the accounts.

Funding of £111 million for the year to 31st March 1985 has been agreed with the IBA. Future funding will be determined by the IBA having regard to the overall condition of the Independent Television industry, the defined requirements of the company and the level of income from programme sales and other similar sources.

3. Directors

The present directors of the company are listed on page 13. Three directors were appointed to the Board during the year as shown on that page. Mrs. Anne Sofer was a director until the completion of her term of appointment on 30th June 1983. All other directors served throughout the year.

4. Directors' Interests

None of the directors has any interest in the shares of the company.

As indicated in the list on page 13, a number of directors are also directors of companies who supply programmes to the company, and to that extent are also interested in the contracts of the company. In addition, note 4 to the accounts gives the information required to be disclosed in relation to a material interest of one director in a contract with the company.

5. Fixed Assets

The movements of the fixed assets acquired by the company during the year are set out in note 8 to the accounts.

6. Research and Development

During the year the computerised transmission system has been developed further and sales of that software to other broadcasters are expected. The company also devoted substantial resources to the development of scripts and programme outlines for possible commissioning.

7. Auditors

Coopers & Lybrand have expressed their willingness to continue in office in accordance with Section 14 of the Companies Act 1976. A resolution proposing their reappointment as auditors will be put to the members at the Annual General Meeting.

By order of the Board

D. R. A. SCOTT *Secretary*

26th June 1984
London

Report of the Auditors

To the Members of Channel Four Television Company Limited

We have audited the accounts on pages 16 to 24 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st March 1984 and of its results and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981.

Coopers & Lybrand
Chartered Accountants

26th June 1984
London

Income and Expenditure Account

For the year ended 31st March 1984

	Notes	Year ended 31st March 1984 £000 £000		Year ended 31st March 1983 £000 £000	
Income from the IBA	1(c)	105,176		84,000	
Cost of Programme Transmissions	1(c)	(89,292)		(37,517)	
		<u>15,884</u>		<u>46,483</u>	
Operational and Administrative Expenses	2	<u>(12,081)</u>		<u>(8,444)</u>	
			3,803		38,039
Other Income and Expenditure	6		(184)		(43)
			<u>3,619</u>		<u>37,996</u>
Net Transfer to Deferred Income	1(c)		(3,619)		(37,996)
			<u>NIL</u>		<u>NIL</u>
Statement of Deferred Income					
Deferred income at the beginning of the year			50,614		12,618
Net transfer from income and expenditure account			<u>3,619</u>		<u>37,996</u>
Deferred income at the end of the year			<u>54,233</u>		<u>50,614</u>

The notes on pages 19 to 24 form part of these accounts.

Report of the auditors - page 15.

Balance Sheet

At 31st March 1984

	Notes	31st March 1984		31st March 1983	
		£000	£000	£000	£000
Fixed Assets					
Tangible Assets	1(d),8		9,706		8,238
Current Assets					
Stocks	1(e),9	46,595		39,434	
Debtors	10	6,094		7,277	
Cash at bank and in hand		475		1,447	
		<u>53,164</u>		<u>48,158</u>	
Creditors					
Amounts falling due within one year	12	<u>(8,637)</u>		<u>(5,782)</u>	
Net Current Assets			<u>44,527</u>		<u>42,376</u>
Net Assets			<u>54,233</u>		<u>50,614</u>
Capital and Reserves					
Called up share capital £100	13		—		—
Deferred Income	1(c)		<u>54,233</u>		<u>50,614</u>
			<u>54,233</u>		<u>50,614</u>

EDMUND DELL

Directors

J. I. ISAACS

These accounts were approved by the Board of Directors on 26th June 1984.

The notes on pages 19 to 24 form part of these accounts.

Report of the auditors - page 15.

Statement of Source and Application of Funds

For the year ended 31st March 1984

	Year ended 31st March 1984		Year ended 31st March 1983	
	£000	£000	£000	£000
Source of Funds				
Income from the IBA less cost of programme transmissions and administrative expenses	3,803		38,039	
(Deficit) on other income and expenditure	(184)		(43)	
		3,619		37,996
Adjustment for item not involving the movement of funds:				
Depreciation of fixed assets		1,311		712
		4,930		38,708
Total from Operations				
Application of Funds				
Purchase of fixed assets less disposals		(2,779)		(6,150)
		2,151		32,558
Change in Working Capital				
Increase in programmes and film rights		7,161		29,182
Increase/(Decrease) in debtors and prepayments		(1,183)		6,187
(Increase) in creditors		(2,855)		(4,161)
		3,123		31,208
Movement of net liquid funds:				
Increase/(Decrease) in bank and cash balances		(972)		1,350
		2,151		32,558

Report of the auditors - page 15.

Notes to the Accounts

For the year ended 31st March 1984

1. Principal Accounting Policies

(a) *Format of the Accounts*

The format of the accounts has been changed to conform with that prescribed by the Companies Act 1981, except in the following respects where, due to the nature of the company's activities and the consequent accounting treatment as explained in (c) below, to conform would be impracticable or misleading:

- (i) There is no surplus or deficit to be shown in the income and expenditure account.
- (ii) In the light of the nature of deferred income, the balance on the deferred income account is shown below capital and reserves in the balance sheet.

The presentation of certain comparative figures for the year to 31st March 1983 has been amended to correspond to the format now adopted.

(b) *Accounting Convention*

The accounts have been prepared under the historical cost convention.

(c) *Income and Expenditure Account*

- (i) *Income from the IBA:*
Income from the IBA is recognised in the income and expenditure account when it is received.
- (ii) *Cost of programme transmissions:*
The direct cost of films and programmes is wholly written off on first transmission.
- (iii) *Income received in advance of related expenditure:*
As a result of the above policies, income from the IBA is received in advance of the costs of films and programmes being charged in the income and expenditure account. To recognise this, the income in advance (after taking account of administrative expenses and other income and expenditure) is transferred to deferred income. As programmes are transmitted, there is a corresponding transfer of the relevant income back into the income and expenditure account. The income and expenditure account therefore contains a net transfer to or from deferred income comprising these two transfers. The balance of deferred income represents the amount required to finance the fixed assets and working capital of the company.

(d) *Fixed Assets*

- (i) Fixed assets are stated at cost, together with any incidental expenses of acquisition.
- (ii) Depreciation is calculated so as to write off the cost of the asset on a straight line basis over its estimated useful life. The principal annual rates used for this purpose are as follows:—

Assets held by the company:—

Leasehold properties are amortised on a straight line basis over the remaining period of the lease.	
Technical equipment and office furniture	20%
Motor cars	25%

Assets held by third parties:—

Leasehold properties are amortised on a straight line basis over 50 years.	
Technical equipment	20–33%

(e) *Programmes and Film Rights*

- (i) Programmes and film rights are stated at direct cost incurred to date after making provision for expenditure on material which is unlikely to be transmitted or sold.
Direct cost is defined as payments made or due to production companies or programme suppliers, but excludes any costs falling due after the balance sheet date.
- (ii) Development expenditure consists of funds spent on projects prior to a final decision being made on whether a programme will be commissioned.
Development expenditure is included in programmes and film rights but is fully provided for. At such time as it is apparent that a development will not result in a programme, the development costs and the provision are written out of the accounts. Where development expenditure leads to the commissioning of a programme, such expenditure is transferred to programme cost and the provision released.

Notes to the Accounts continued

For the year ended 31st March 1984

2. Operational and Administrative Expenses

These may be analysed as follows:—

	Year ended 31st March 1984 £000	Year ended 31st March 1983 £000
Employee and freelance staff costs	4,041	2,609
Establishment costs	1,493	1,072
Legal and professional fees	606	623
Advertising and Promotions	3,185	2,205
General expenses	1,445	1,223
Depreciation of Fixed Assets (note 8)	1,311	712
	<u>12,081</u>	<u>8,444</u>
and include:—		
Auditors' remuneration	16	13
Directors' remuneration:		
Directors' fees	45	43
Remuneration for management including pension contributions	123	97
Interest paid	—	8
Equipment hire	<u>64</u>	<u>87</u>

3. Directors' Remuneration

The following information is given in accordance with Sections 6 and 7 of the Companies Act 1967 and excludes pension contributions:—

	Year ended 31st March 1984 £000	Year ended 31st March 1983 £000
Chairman's remuneration	16	16
Highest paid director's remuneration	<u>48</u>	<u>46</u>
	Number	Number
Other directors		
£0 — £5,000	12	10
£5,001 — £10,000	1	1
£15,001 — £20,000	1	—
£40,001 — £45,000	1	1

Notes to the Accounts continued

For the year ended 31st March 1984

4. Directors' Interests in Contracts

Mrs. Joy Whitby is the director and principal shareholder of Grasshopper Productions Limited ("Grasshopper"), an independent company, which was commissioned to produce a 78 minute drama programme. The total production cost of the programme was £353,413 of which £7,500 was paid to Mrs. Whitby for the screenplay and for her services as executive producer. In addition, Grasshopper received £23,187 as its share of the production underspend. Grasshopper will be entitled to retain the first £30,000 of gross overseas sales revenue after deducting distribution expenses from the programme and then will receive 50% of net sales revenue. The programme was transmitted in December 1983.

5. Employee Information

- (a) The average number of employees, including executive directors, during the year was 202 (1983:125). At 31st March 1984 the company employed 223 (1983:176).
- (b) The employment costs for all employees, including executive directors, were as follows:—

	Year ended 31st March 1984	Year ended 31st March 1983
	£000	£000
Aggregate gross salaries	3,055	1,838
Employers NHI contributions	184	106
Employers pension contributions	423	235
Total direct costs of employment	<u>3,662</u>	<u>2,179</u>

- (c) There was one employee who earned in excess of £30,000 in the year ended 31st March 1984 in the range of £30,001 to £35,000 (year ended 31st March 1983, one in the same range).

6. Other Income and Expenditure

	Year ended 31st March 1984		Year ended 31st March 1983	
	£000	£000	£000	£000
Programme sales		571		76
Less: Direct costs of programme sales	(228)		(29)	
Share of income due to independent producers and third parties	(112)		(4)	
Overhead cost of programme sales	(499)		(219)	
		(839)		(252)
		(268)		(176)
Interest receivable and similar income				
Interest receivable		75		112
Profit on sale of fixed assets		9		—
Rent received on sublet accommodation	4		103	
Less: rent paid on sublet accommodation	(4)		(82)	
		—		21
		84		133
		(184)		(43)

Notes to the Accounts continued

For the year ended 31st March 1984

7. Taxation

Taxation is not levied on the income from the IBA less related costs.

UK Corporation Tax at 50% (1983 52%) is payable on other net income. No tax liability arises on other income for the years to 31st March 1983 or 1984.

8. Fixed Assets

(i) *Tangible Assets:*

	Leasehold properties £000	Furniture and equipment £000	Motor vehicles £000	Total £000
<i>Cost</i>				
At 31st March 1983	3,854	5,079	77	9,010
Additions	1,276	1,790	14	3,080
Disposals	—	(352)	(7)	(359)
At 31st March 1984	<u>5,130</u>	<u>6,517</u>	<u>84</u>	<u>11,731</u>
<i>Depreciation</i>				
At 31st March 1983	133	622	17	772
Charge for year	172	1,120	19	1,311
Disposals in year	—	(55)	(3)	(58)
At 31st March 1984	<u>305</u>	<u>1,687</u>	<u>33</u>	<u>2,025</u>
<i>Net book value</i>				
At 31st March 1984	<u>4,825</u>	<u>4,830</u>	<u>51</u>	<u>9,706</u>
At 31st March 1983	<u>3,721</u>	<u>4,457</u>	<u>60</u>	<u>8,238</u>

(ii) Certain of the fixed assets owned by the company are utilised by programme makers in the independent production sector. The net book value at 31st March 1984 was located as follows: —

	Leasehold properties £000	Furniture and equipment £000	Motor vehicles £000	Total £000
Held by the company	4,487	4,316	51	8,854
Held by third parties	338	514	—	852
	<u>4,825</u>	<u>4,830</u>	<u>51</u>	<u>9,706</u>

(iii) The leasehold properties held by the company represent work carried out on the company's offices and transmission centre at 60 Charlotte Street, London W1 which are leased for 25 years from 1981.

The leasehold properties held by third parties relate to 13 houses in Liverpool which are used as a permanent location set for the *Brookside* programme. The company has a 999 year lease from 1982 on each of these properties.

Notes to the Accounts continued

For the year ended 31st March 1984

9. Stocks

	31st March 1984 £000	31st March 1983 £000
Stocks are analysed as follows:—		
Programmes in the course of production or completed but not transmitted	31,962	28,810
Purchased Film Rights	14,633	10,624
	<u>46,595</u>	<u>39,434</u>

Depending on programme scheduling, certain of the above stocks may not be realised within one year.

10. Debtors

	31st March 1984 £000	31st March 1983 £000
Amount due from the IBA (note 11)	3,735	5,338
Other debtors	627	103
Prepayments and accrued other income	1,732	1,836
	<u>6,094</u>	<u>7,277</u>

All the above amounts are receivable within one year.

11. Amount Due from the IBA

The company maintains a current account with the IBA principally for the administration of value added tax, as the company is a member of the IBA group VAT registration. The amount due to the company from the IBA at 31st March 1984 arises principally from VAT recoverable by the IBA from H.M. Customs and Excise.

12. Creditors

	31st March 1984 £000	31st March 1983 £000
Creditors including taxation and social security	536	684
Accruals	8,101	5,098
	<u>8,637</u>	<u>5,782</u>

All the above amounts will fall due within one year.

13. Share Capital

The authorised and allotted share capital consists of 100 ordinary shares of £1 each, fully paid.

14. Company Status

The company is a wholly owned subsidiary of the Independent Broadcasting Authority, a body incorporated under Act of Parliament.

Notes to the Accounts continued

For the year ended 31st March 1984

15. Capital Expenditure

	31st March 1984	31st March 1983
	£000	£000
Amounts contracted for but not provided for in the accounts were:	423	133
Amounts authorised but not contracted for were:	<u>724</u>	<u>1,313</u>

16. Programme and Film Commitments

At 31st March 1984, the company had committed and approved future expenditure for programmes and films amounting to £84 million (1983 £76 million), of which £65 million (1983 £63 million) is estimated to fall due for payment in the year ending 31st March 1985 and £19 million (1983 £13 million) thereafter.

17. Contingent Liabilities

There are contingent liabilities in respect of compensation that would be payable in the event of certain production contracts being discontinued. No payments under such arrangements are currently envisaged.



CHANNEL FOUR TELEVISION